

## **AGRICULTURAL MARKETING SERVICE**

### **REVISED FY 2000 and FY 2001 ANNUAL PERFORMANCE PLANS**

**Mission:** The mission of the Agricultural Marketing Service (AMS) is to facilitate the strategic marketing of agricultural products in domestic and international markets, while ensuring fair trading practices, and promoting a competitive and efficient marketplace, to the benefit of producers, traders, and consumers of U.S. food and fiber products. This mission is carried out through eight broad activities that encompass a wide range of programs.

The eight activities in AMS are: (1) market news; (2) standards, grading, and shell egg surveillance; (3) market protection and promotion; (4) transportation services; (5) wholesale market development; (6) payments to states and possessions; the (7) Perishable Agricultural Commodities Act program; and (8) strengthening agricultural markets and producer income (Section 32). Approximately seventy-two percent of the funds needed to finance AMS activities are derived from voluntary user fees. AMS provides services for private industry, State, and Federal agencies on a reimbursable basis, primarily in connection with the commodity grading programs.

AMS activities are authorized under the: Agricultural Marketing Act of 1946; Cotton Statistics and Estimates Act of 1927; Tobacco Inspection Act of 1935; Commodity Promotion, Research, and Information Act of 1996; Organic Foods Production Act of 1990; 12 free-standing commodity specific research and promotion statutes; Agricultural Marketing Agreement Act of 1937; Egg Products Inspection Act; Perishable Agricultural Commodities Act of 1930; Food, Agriculture, Conservation and Trade Act of 1990; and Food Quality Protection Act of 1996.

More information regarding AMS' programs can be found in the AMS Strategic Plan. We have attached supplemental performance indicators that are valuable internal management tools and which help to further describe the achievement of our performance goals.

**Goal 1:** Facilitate the strategic marketing of U.S. agricultural products in domestic and international markets.

**Objectives:**

- 1) Collect and disseminate time-sensitive agricultural market information for domestic and foreign markets and ensure the data reported are accurate and consistent with current and future market needs.
- 2) Provide cost-effective agricultural commodity quality grading/certification services whereby market efficiency is enhanced and consumer gains exceed the cost of the service.
- 3) Provide timely and cost-effective oversight of industry initiated and financed research and promotion programs.
- 4) Implement national organic production and labeling standards, and implement an accreditation and certification program using those standards.

**Program Activities:** Market News, Standardization, Grading & Certification, Commodity Research & Promotion Acts, Organic Certification Program, Pesticide Data Program, Microbiology Data Program, Market Development and Assistance, Wholesale Market Development, Transportation Services, Payments to States and Possessions, and Commodity Purchase Services.

	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Estimate</b>	<b>FY 2001 Estimate</b>
<b>Funding</b> (in thousands of dollars):				
Appropriated:				
Marketing Services	\$40,289	\$42,569	\$45,316	\$60,391
Payments to States & Possession	1,200	1,200	1,200	1,500
Section 32	6,176	6,580	8,584	9,604
User Funded	157,136	155,719	171,763	171,763
<b>FTEs:</b>				
Appropriated:				
Marketing Services	433	419	430	507
Section 32	40	39	39	43
User Funded	2,312	2,215	2,185	2,102

<b>PERFORMANCE GOALS</b>	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target</b>	<b>FY 2001 Target</b>
<b>Market News</b> Improve market efficiency by reporting timely and accurate market information: Percentage of Market News reports released on time	92%	90%	93%	93%
<b>Grading</b> Maximize returns to producers and value to consumers: Weighted average grading cost per hundredweight, using constant (1990-92) dollars indexes on Prices Paid for Farm Services	\$0.08	\$0.08	\$0.08	\$0.08
<b>Research and Promotion</b> Ensure legislative compliance without delaying research and promotion activities: Percentage of research and promotion board budgets and marketing plans approved within time frame goal	91%	91%	91%	93%
<b>Pesticide Data Program</b> Gather pesticide residue data for use in resolving dietary health risk issues and to lessen international non-tariff trade barriers: Pesticide Data Program percentage of sampling and analysis goal	100%	100%	100%	100%
<b>Transportation Services</b> Provide technical assistance to shippers and carriers, provide economic analyses and recommend improvements to domestic and international agricultural transportation: Number of projects completed	N/A	5	6	7

PERFORMANCE GOALS	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
<b>Wholesale Market Development</b> Provide technical advice and assistance on new or upgraded wholesale market facilities and research changes in the marketplace for future product development: Number of projects completed	N/A	7	8	8
<b>Payments to States and Possessions (FSMIP)</b> Provide matching funds to State agencies to conduct studies or initiate programs which address a wide range of agricultural marketing problems and opportunities: The total dollar amount of grant requests received (in millions)	\$3.8	\$3.5	\$3.3	\$3.5
<b>Commodity Purchase Services</b> Stabilize market conditions by purchasing surplus commodities and provide purchasing services to FNS for food assistance programs: Commodity Purchase Services administrative costs in constant dollars as a percentage of commodity purchases	1.0%	0.8%	1.5%	1.6%

**Discussion of Performance Goals:** The achievement of these performance goals supports the achievement of USDA goal 1.2: Open, expand, and maintain global opportunities for agricultural producers.

The ultimate measure of performance for AMS' market news service would be the effect of widely available market information on the efficiency of price discovery between buyers and sellers and, ultimately, on prices received by individual producers and farmers. However, there are so many factors other than market news reports that affect the prices paid and received (the economy, weather, national and international supplies, etc.), that it would be impossible to isolate the effect of market reporting. Because market news reports are useful to the agricultural industry only when the information is timely, we have developed the percentage of reports released on time as a surrogate performance goal. AMS coordinates activities with State market news programs where State programs are still in operation.

Part of the proposed market news increase will be used for mandatory livestock price reporting, which will dramatically increase the number of markets covered (see supplemental performance indicators). With mandatory reporting, Market News reporters will be required to expand their contacts with producers, processors, wholesalers, retailers, importers, and exporters of livestock, meat and related products to collect the required information. In addition, a costly and resource intensive monitoring and review system will be required to insure that the information is accurate and timely. A second part of the proposed market news funding increase is for expansion of reporting on organic fruits and vegetables. One of the most rapidly growing segments of the U. S. fruit and vegetable industry is the production of organically-grown fruits and vegetables. With an increasing focus by consumers on organically-grown fruits and vegetables, many producers are shifting at least some portion of their acreage to meet this demand. The rapidly growing market for organic fruits and vegetables is operating with very little reliable and consistent market information. The lack of timely and unbiased market reports available to all could result in placing some participants in the market in a less favorable position than others, in consolidation of firms, and in excessive margins at some trading levels. Statistics show that small-scale producers are the majority of organic farmers of fruits and vegetables. The large number of medium and small producers makes it critical that all participants have access to the same market information. Market transparency contributes significantly to the efficiency of marketing goods, with consumers being the end

beneficiary of a consistent supply of high-quality products at reasonable prices. Increased funding is needed to enable AMS to provide reliable and timely information on organically-grown products to the agricultural industry. For its third market news program increase, AMS proposes to expand reporting in foreign markets. USDA's strategic plan recognizes that growth in income for farming and ranching operations of all sizes is increasingly dependent on market expansion and export growth. Increases in world income and economic growth are helping to spur foreign demand for American agricultural products, with trade agreements providing improved access to these markets. Despite the growing presence of agricultural commodity world markets, U.S. agriculture does not have access to a centralized, consistent, public source of timely information on international prices and trade volume. Foreign market information is particularly important to small-and medium-sized U.S. producers who would otherwise have no access to the data. Due to the enormous growth in trade and the opportunity for business abroad, AMS is being asked to expand international market reporting by dairy, meat, poultry, and fruit and vegetable industry representatives. This expansion in market reporting is necessary in order to allow U.S. companies to take advantage of the business opportunities that are available around the world. If the U.S. lost the opportunity to increase its current trade volume by 2% due to the lack of sufficient market news information, the U.S. could lose over \$1 billion per year.

Grading services are provided by AMS at the request of interested buyers and sellers. AMS provides a third-party, unbiased assessment of product quality and condition. The general outcome is that our services allow agricultural markets to work more efficiently. Since these services are voluntary and completely user-funded, continued requests for service is a strong indicator of the value placed on them by industry. To monitor the cost-effectiveness of our services so that we do not impede marketing, we calculate grading fees per pound graded on a constant dollar basis.

Standardization specialists continue to develop domestic standards to facilitate the marketing of new products at the request of buyers and sellers. As international trade becomes an increasingly important factor in the marketing of agricultural commodities, the need grows for international standards to facilitate trade and assure that U. S. Producers are able to compete effectively in the global marketplace. Standardization specialists will continue to represent U. S. Interests through active participation in international standards organizations such as Codex Alimentarius.

AMS' Research and Promotion activities ensure that industry-run and funded activities stay within the requirements of their authorizing legislation. The agency measures its efficiency in monitoring industry activities without hindering the operation of their programs by assessing our timeliness in approving program budgets and marketing plans. Industry boards reimburse AMS for Federal oversight costs.

Organic food products are a rapidly growing segment of the agriculture industry. AMS expects implementation of national certification to improve sales of certified organic products. AMS is requesting funds to support the continuation of program implementation. Implementation of the program will require the accreditation of at least 49 certifying agents (review of applications, verification of information, and site visits necessary for accreditation), a performance review of each certifying agent, enforcement of the Act and regulations (handling producer and handler appeals of adverse decisions by the certifying agents, and investigations of alleged violations by certifying agents), probable regulation review and amendment to facilitate compliance by the industry, and reviewer and investigator training. In compliance with the Organic Foods Production Act of 1990, AMS will also implement an international program component to accredit foreign certifiers. Once the national organic program is in place, AMS plans an extensive outreach effort to educate consumers, producers, processors, certifiers, and trading partners about the program.

The purpose of the Pesticide Data Program (PDP) is to collect accurate data concerning pesticide residues that remain on selected foods. The data is used for risk assessment by EPA and by agencies such as the Foreign Agricultural Service to help remove non-tariff barriers for exports. The program's ability to meet agency sampling and analysis goals best measures its effectiveness. These goals are coordinated with EPA's data needs. AMS's Pesticide Data Program is requesting additional funding to complete planning and begin implementation of a new water testing program that will be the basis of a comprehensive national database.

For FY 2001, AMS has requested funding for a Microbiology Data Program. This funding will allow AMS to initiate a scientifically-sound microbiological data program; part of the President's Food Safety initiative. To ensure that the process and content of the program are coordinated, AMS will work closely with other Federal and State agencies. The Microbiology Data Program will collect data pertaining to food-borne pathogens and spoilage micro flora on domestic and imported fruits and vegetables. This program responds to concerns of increased risk of contracting food-borne illness. The monitoring program will establish a much needed baseline of microbiological data by which to assess the risks of contamination in the U.S. food supply. Survey costs will be minimized by using the existing infrastructure of the Pesticide Data Program for statistically-reliable sampling, participating State and Federal laboratories, and data reporting capabilities. Once the program is established, AMS will develop a performance measure.

The objective of the Transportation Services program is to ensure that the transportation system serves the needs of agriculture in the U.S. and for exports. USDA has developed a Long-Term Agricultural Transportation Strategy (LATS), which identifies and prioritizes the systemic long-term transportation needs for all of U.S. agriculture. AMS measures this program's performance by the number of transportation projects completed.

The Wholesale Market Development program's objective is to improve wholesale and other direct marketing facilities, plus the methods of handling and marketing agricultural commodities, to lower the cost of transfers between wholesalers and retailers. AMS seeks to enhance marketing opportunities for farmers, emphasizing facility-based markets such as wholesale markets, farmers' markets, collection markets, and public markets. The program measures its performance by the number of technical marketing projects completed.

Federal-State Marketing Improvement Program (FSMIP), or Payments to States, offers funding that stimulates innovative product development and marketing approaches, and an opportunity to disseminate those results quickly. The level of grants requested indicates state interest in resolving local and regional agricultural marketing issues. The additional funds would be made available to States for projects that emphasized local or direct marketing, export-oriented market research and assistance, market-based approaches to encourage sustainable agricultural production, and increased utilization of biobased industrial product. In addition, funds are requested for administrative support.

The Commodity Purchase Services program purchases commodities to stabilize market conditions. A direct and accurate performance measure of how much AMS activities stabilize agricultural markets for purchased commodities is not available, although commodity producers continue to request market relief. Furthermore, basic macroeconomic theory would clearly recognize the stabilizing influence of AMS purchases. We measure program efficiency by comparing administrative costs to the cost of commodities purchased (in constant dollars). The program's Business Process Re-engineering project has redefined processes and delegated authority to reduce time frames for initiating purchases as well as for processing weekly bids and awards. These time savings result in faster responses by AMS to adverse market conditions and reduce commodity costs by minimizing the suppliers' market risks. AMS cooperates with the Food and Nutrition Service and the Farm Service Agency on specifications, purchase, and delivery of commodities for the School Lunch and other feeding programs. AMS has proposed a funding increase that will be used to expand the economic database to include meats and fish, poultry, and specialty commodities; current and historical data sets on commodity prices, shipments, production, and inventories; and any other economic information and data necessary to support decision-making in AMS. The database will be used for purchases in support of Federal feeding programs, eliminating duplication and allowing personnel more time to analyze data for purchase programs.

**Means and Strategies:** The necessary resources for Market News include a total program increase of \$7.0 million and 66 additional staff years. Of that total, \$5.9 million and 56 staff years are needed to continue mandatory price reporting within the meat industry, \$614 thousand and 6 staff years are for expansion of reporting on organic fruits and vegetables, and \$453 thousand and 4 staff years are needed to expand the reporting of foreign markets.

The necessary resources for the Organic Certification Program include an increase of \$703 thousand and 1 staff year. This request includes a net increase of \$64 thousand and 1 staff year to continue implementation of the Organic Certification program and a one time increase of \$639 thousand to finalize implementation of the National Organic Program, provide extensive customer outreach, and develop an international certification program.

The necessary resources for the Pesticide Data Program (PDP) include an increase of \$1.1 million and 4 staff years to complete planning and begin implementation of the water testing program, which will be the basis of a comprehensive national database. PDP will develop a supportable infrastructure in the major population States representing different water supply systems, for establishing cooperative agreements with cooperators, modifying testing methods to capture the EPA's pesticide data needs, the purchase of technology, the modification and extension of PDP's electronic information data system to capture finished water, and extend the technology to new partnerships. This increase is part of USDA's response to the Food Quality Protection Act.

The necessary resources for the Microbiology Data Program are increases of \$6.2 million and 8 staff years that will allow AMS to initiate a scientifically sound microbiological program as part of the President's food safety initiative.

The necessary resources for Federal-State Marketing Improvement Program (FSMIP/Payments to States) includes a \$300 thousand increase to assist small farmers in identifying and developing marketing opportunities. FSMIP offers funding that stimulates innovative product development and marketing approaches, and an opportunity to disseminate those results quickly. The additional funds would be made available to States for projects that emphasized local or direct marketing, export-oriented market research and assistance, market-based approaches to encourage sustainable agricultural production, and increased utilization of biobased industrial product. An additional increase of \$31 thousand will be used to administer the FSMIP grants funding. Increased funding will be used to assist cooperators in developing appropriate submissions and monitor approved projects to ensure that the results are made widely available to potential beneficiaries.

The necessary resources for Commodity Purchase Services include a program increase of \$1.0 million and 4 staff years. The requested increase includes \$795 thousand and 4 staff years which will be used to customize the Economic Database Information Network and broaden information dissemination. The remaining \$225 thousand will be used to develop a Management Information System that will provide quality assurance measures for school programs that incorporate AMS programs in the validation of food quality and food safety.

The resources needed for grading and certification activities are entirely supported by user fees. The resources needed for research and promotion activities are also entirely supported by user funding.

**Verification and Validation:** AMS program personnel collect and maintain performance data for their programs. Agency program review staffs are responsible for reviewing the collection of performance measure data to ensure that the accomplishment data being collected is based on actual performance and that the system to collect that data can be tracked and verified. AMS' Compliance staff will include the review of performance measure data collection in any program review activities they conduct. They are responsible for ensuring that the performance accomplishment data collected for agency level performance measures, especially those that include multiple agency components, can be verified and validated.

**Goal 2:** Ensure fair and competitive agricultural marketing through marketing tools and regulations.

**Objectives:**

- 1) Reform the Milk Marketing Order Program pursuant to mandates of the 1996 Farm Bill.
- 2) Improve service to customers of the Perishable Agricultural Commodities Act (PACA) Program through modernization of licensing procedures and more timely handling of formal reparation complaints.

3) Increase knowledge of and compliance with Pesticide Recordkeeping requirements through the education of private, certified applicators of Federally restricted use pesticides.

**Program Activities:** Shell Egg Surveillance, Pesticide Recordkeeping, Federal Seed Act program, Plant Variety Protection, Perishable Agricultural Commodities Act program, and Marketing Agreements and Orders.

	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Estimate</b>	<b>FY 2001 Estimate</b>
<b>Funding</b> (in thousands of dollars):				
Appropriated:				
Marketing Services	\$5,947	\$6,088	\$6,181	\$6,181
Section 32	10,189	10,853	12,428	13,438
User Funded	9,457	9,656	10,127	10,343
<b>FTEs:</b>				
Appropriated:				
Marketing Services	49	45	44	44
Section 32	117	115	123	125
User Funded	109	108	113	113

<b>PERFORMANCE GOALS</b>	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target</b>	<b>FY 2001 Target</b>
<b>Shell Egg Surveillance</b> Facilitate the marketing of consumer grade eggs by assuring that quality levels are maintained: Percentage of noncomplying shell egg lots that are reprocessed or diverted	100%	100%	100%	100%
<b>Pesticide Recordkeeping</b> Monitor private applicators of Federally restricted-use pesticides: Percentage of Pesticide Recordkeeping sampling goal attained	107%	100%	98%	98%

PERFORMANCE GOALS	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
<b>Federal Seed Act Program</b> Prevent misrepresentation of seed in interstate commerce: Percentage of suspected Seed Act violation cases that are completed*  *Includes cases pending from previous year (cases in backlog).	96%	90%	92%	92%
<b>Plant Variety Protection</b> Provide protection to developers of novel varieties of sexually-reproduced and tuber-propagated plants: Percentage of Plant Variety Protection application processing goal completed	63%	100%	100%	100%
<b>Perishable Agricultural Commodities Act</b> Suppress unfair and fraudulent practices in the marketing of perishable agricultural commodities: Percentage of informal PACA reparation complaints completed within time frame goal	85%	82%	85%	85%
<b>Marketing Agreements and Orders</b> Oversee and administer Marketing Agreements and Orders at the national level in timely manner: Percentage of formal and informal rulemaking completed within internal time frames	94%	94%	85%	85%

**Discussion of Performance Goals:** The achievement of these performance goals supports the achievement of USDA goal 1.1: Enhance the economic safety net for farmers and ranchers, and USDA goal 1.2: Open, expand, and maintain global market opportunities for agricultural producers.

The goal of the Shell Egg Surveillance program is to facilitate the marketing of consumer grade eggs by assuring that eggs moving in commerce contain no more "restricted" eggs than are permitted in U.S. Consumer Grade B. We measure this goal by tracking the proper disposal of noncomplying lots of shell eggs that have been identified through regular inspections of hatcheries and handlers.

The Pesticide Recordkeeping program makes the public aware of the regulations and monitors private applicators to ensure that they are keeping the required records. AMS monitors applicators using a sample of State and Federal inspections as compared to the total number of applicators. The percentage of the sampling goal indicates how closely the program reached its monitoring goal.

The most accurate outcome measure of the Federal Seed Program would be the losses avoided by growers who would have received mislabeled seed if an inspection program had not been functioning. We have no record of losses avoided, but since the Federal program verifies and pursues identified interstate violations of the Federal Seed Act, the percentage of cases completed reflects that accomplishment.

The objective of the Plant Variety Protection Program is to provide incentive to developers of new plant varieties by granting them an exclusive right to sell, reproduce, import, or export such varieties and, therefore promote progress in agriculture, horticulture, and floriculture by increasing the number of improved varieties available. For a fee, the program reviews applications and issues Plant Variety Protection Certificates to applicants whose



varieties are eligible under the authorizing legislation. Because intellectual property protection for plant varieties is but one of several factors that explain investments in new plant variety research, the agency cannot measure the direct effect of PVP program activities on the number of improved varieties available. As an alternative, the program measures the number of applications processed against its goal. This program is entirely user funded.

The PACA program helps protect the buyers and sellers of perishable products from loss due to unfair practices and fraud. Since we cannot calculate the losses that the program has prevented, AMS monitors its reparations activities for the timeliness of service provided to licensees. To improve the timeliness of service delivery to program customers, the PACA program is implementing the final phase of its Business Process Re-engineering effort--the design and implementation of a new ORACLE database. The new database will provide employees with quicker access to more information. The PACA program is entirely user funded.

AMS oversees the activities of marketing order committees and milk market administrators to ensure that the programs meet statutory requirements and serve the public interest. Marketing orders are designed to stabilize market conditions and improve returns for producers. These orders are requested by producers, and continuation or amending referendum requires a two thirds referendum vote by number or volume of those regulated. While specific measures of results are not available, as a surrogate indicator of performance, we measure program timeliness in completing rulemaking activities because program objectives--larger and more stable producer returns--cannot be realized if administrative activities delay implementation of needed changes. The FY 2001 budget request includes additional funds necessary to systematically obtain a full range of economic data on the organic sector so that AMS can assess the interrelationship between organic and conventionally grown commodities. Organic issues will have to be addressed and are expected to become a component of marketing order rulemaking.

**Means and Strategies:** The necessary resources for the Marketing Agreements and Orders Program include an increase of \$1 million and 2 staff years to study the impact of marketing orders and other AMS programs on organic production and marketing. This additional funding will allow for the collection of additional data on organic production, and organic marketing and distribution channels. Analysis of the data collected would be conducted to aid marketing order committees in addressing organic issues and market projections. There are 36 active fruit and vegetable marketing agreements and order programs, and it is possible that virtually all of these programs could include some organically produced commodities in the very near future. Organically produced commodities are expected to increase significantly above the current level and there is an ongoing dialogue between organic producers and marketing order committees. Organic issues will have to be addressed and are expected to become a component of marketing order rulemaking.

The resources needed for Perishable Agricultural Commodities Act and Plant Variety Protection activities are entirely supported by user fees. Fees are periodically adjusted to recover full costs.

**Verification and Validation:** AMS program personnel collect and maintain performance data for their programs. Agency program review staffs are responsible for reviewing the collection of performance measure data to ensure that the accomplishment data being collected is based on actual performance and that the system to collect that data can be tracked and verified. AMS' Compliance staff will include the review of performance measure data collection in any program review activities they conduct. They are responsible for ensuring that the performance accomplishment data collected for agency level performance measures, especially those that include multiple agency components, can be verified and validated.

### Management Initiatives

**Management Initiative 1:** Create and maintain a vital workforce with appropriate skills and characteristics to serve our diverse base of customers.

**Program Activities:** All

	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
<b>Funding</b> (Included in program expenditures) <b>FTEs</b> (Included in program expenditures)				

  

PERFORMANCE GOALS	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Increase representation of women, minorities, and people with disabilities by FY 2000: Employment Goal	50.7%	51.9%	53.9%	55.9%

**Discussion of Performance Goals:** AMS' goal is to increase diversity in the workplace for women, minorities and people with disabilities by FY 2000.

**Means and Strategies:** The agency serves a diverse range of customers, and we can best understand the needs of all of our customers if we have a fully diversified and trained workforce. We strongly support equal opportunity. This goal addresses AMS and USDA civil rights policies. We plan to reach our targets through training and development of the workforce, recruiting a diversified workforce, rewarding achievement, and providing employees with the appropriate technology to enable them to be highly productive. The resources necessary to accomplish this initiative will be covered through program funding.

**Verification and Validation:** The AMS Civil Rights Staff will monitor progress toward this goal and report to the Administrator. The Civil Rights Staff is also developing its own strategic plan.

**Management Initiative 2:** Encourage and reward prudent financial stewardship, accountability, and improved business operations.

**Program Activities:** All

	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
<b>Funding</b> (Included in program expenditures) <b>FTEs</b> (Included in program expenditures)				

PERFORMANCE GOALS	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Convert AMS accounting records to the new USDA Foundation Financial Information System (FFIS) by the end of FY 2002	n/a	n/a	n/a	n/a

**Discussion of Performance Goals:** Implementation of FFIS will assist the Department in achieving clean and timely audit opinions on audits of financial statements and provide accounting data needed for reliable cost accounting.

**Means and Strategies:** This goal will allow AMS to continue its efforts to improve program efficiency. We will review options for applying activity-based costing principles and continue the application of business process re-engineering principles to program operations. The resources necessary to accomplish this initiative will be covered through program funding. In mid-FY 2000, AMS will begin developing strategies for implementation of the conversion to FFIS. In FY 2001, the agency will complete the work necessary to implement FFIS at the beginning of FY 2002.

AMS is represented on both of the Department's DCIA workgroups--Electronic Funds Transfer and Debt Management. The National Finance Center (NFC) Claims Unit handles all AMS debts that are greater than 90 days delinquent, including the referral of appropriate accounts to the Treasury Offset Program (TOP). In December 1997, AMS developed a new monthly debt management report that alerts program managers of debt that is eligible or near-eligible for referral to TOP. AMS and NFC are currently working to obtain the TOP required tax identification numbers. AMS is also working to establish electronic funds transfer for its recurring payments through the Vendor Express Program.

AMS requires cooperators in all grants and cooperative agreements to read and sign certifications that they are in compliance with drug-free workplace and debarment and suspension laws. Additionally, before any cooperative agreements or grants are approved, a review is made of the list of parties excluded from Federal procurement and non-procurement programs to assure that the potential cooperator has not been excluded from receiving assistance from the U.S. government.

AMS Compliance and Analysis corrects internal control deficiencies by evaluating and acting on OIG and GAO audit findings. Compliance works with AMS programs to ensure that deficiencies cited following program audits and reviews are remedied in a timely manner. That status of audit recommendations is followed using an internal tracking system. This tracking system helps to ensure timely completion of all program deficiency actions.

Due to the significant user fee funding of AMS programs and the need to know accurate costs for rate setting, the agency has allocated all appropriate costs to appropriated and user fee program activities for over twenty-five years. As a result, AMS complies with most, if not all of the current requirements for cost accounting. Agency cost accounting includes allowances for bad debts, rent payments, employee leave liability, severance pay, unemployment compensation costs, and other potential agency liabilities in the event of program shut-downs.

AMS will meet the milestones and due dates published by the Office of the Chief Financial Officer for the preparation and audit of consolidated financial statements and any other requirements related to financial statements. The agency participates in the USDA Accounting Policy and Financial Statements Coordinating Committee and other department accounting task forces to stay abreast of issues.

**Verification and Validation:** The AMS Budget Office will begin planning for conversion of AMS accounting records to FFIS in FY 2000. AMS' Compliance staff will include the review of performance measure data collection in any program review activities they conduct. They will be responsible for ensuring that the

performance accomplishment data collected for agency level performance measures, especially those that include multiple agency components, can be verified and validated.

**SUMMARY OF AMS RESOURCES**  
**FY 2000**  
(Dollars in Thousands)

	GOAL 1	GOAL 2	TOTAL
<b>Market News</b> Appropriation	\$22,117 295 FTEs		\$22,117 295 FTEs
<b>Standardization</b> Appropriation	\$3,563 42 FTEs		\$3,563 42 FTEs
<b>Shell Egg Surveillance</b> Appropriation		\$2,465 21 FTEs	\$2,465 21 FTEs
<b>Federal Seed Act Program</b> Appropriation		\$1,169 12 FTEs	\$1,169 12 FTEs
<b>Organic Certification Program</b> Appropriation	\$998 15 FTEs		\$998 15 FTEs
<b>Pesticide Recordkeeping Program</b> Appropriation		\$2,547 11 FTEs	\$2,547 11 FTEs
<b>Pesticide Data Program</b> Appropriation	\$13,150 26 FTEs		\$13,150 26 FTEs
<b>Microbiology Data Program</b> Appropriation	NOT FUNDED		NOT FUNDED
<b>Market Development and Assistance</b> Appropriation	\$410 5 FTEs		\$410 5 FTEs
<b>Wholesale Market Development</b> Appropriation	\$2,556 23 FTEs		\$2,556 23 FTEs
<b>Transportation Services</b> Appropriation	\$2,522 24 FTEs		\$2,522 24 FTEs
<b>TOTAL, Marketing Services</b>	\$45,316 430 FTEs	\$6,181 44 FTEs	\$51,497 474 FTEs

	GOAL 1	GOAL 2	TOTAL
<b>Payments to States &amp; Possessions</b> Appropriation	\$1,200 0 FTEs		\$1,200 0 FTEs
<b>Commodity Purchase Services</b> Appropriation	\$8,584 39 FTEs		\$8,584 39 FTEs
<b>Marketing Agreements and Orders</b> Appropriation		\$12,428 123 FTEs	\$12,428 123 FTEs
<b>TOTAL, SECTION 32</b>	\$8,584 39 FTEs	\$12,428 123 FTEs	\$21,012 162 FTEs
<b>TOTAL, APPROPRIATED FUNDS</b>	\$55,100 469 FTEs	\$18,609 167 FTEs	\$73,709 636 FTEs
<b>Grading &amp; Certification</b> User Funded	\$169,536 2,162 FTEs		\$169,536 2,162 FTEs
<b>Plant Variety Protection Act Program</b> User Funded		\$1,319 18 FTEs	\$1,319 18 FTEs
<b>Commodity Research and Promotion Acts</b> User Funded	\$2,227 23 FTEs		\$2,227 23 FTEs
<b>Perishable Agricultural Commodities Act Program</b> User Funded		\$8,808 95 FTEs	\$8,808 95 FTEs
<b>TOTAL, USER FUNDED</b>	\$171,763 2,185 FTEs	\$10,127 113 FTEs	\$181,890 2,298 FTEs
<b>TOTAL, AMS</b>	\$226,863 2,654 FTEs	\$28,736 280 FTEs	\$255,599 2,934 FTEs

**SUMMARY OF AMS RESOURCES**  
**FY 2001**  
(Dollars in Thousands)

	<b>GOAL 1</b>	<b>GOAL 2</b>	<b>TOTAL</b>
<b>Market News</b> Appropriation	\$29,086 361 FTEs		\$29,086 361 FTEs
<b>Standardization</b> Appropriation	\$3,563 42 FTEs		\$3,563 42 FTEs
<b>Shell Egg Surveillance</b> Appropriation		\$2,465 21 FTEs	\$2,465 21 FTEs
<b>Federal Seed Act Program</b> Appropriation		\$1,169 12 FTEs	\$1,169 12 FTEs
<b>Organic Certification Program</b> Appropriation	\$1,701 16 FTEs		\$1,701 16 FTEs
<b>Pesticide Recordkeeping Program</b> Appropriation		\$2,547 11 FTEs	\$2,547 11 FTEs
<b>Pesticide Data Program</b> Appropriation	\$14,287 28 FTEs		\$14,287 28 FTEs
<b>Microbiology Data Program</b> Appropriation	\$6,235 8 FTEs		\$6,235 8 FTEs
<b>Market Development and Assistance</b> Appropriation	\$441 5 FTEs		\$441 5 FTEs
<b>Wholesale Market Development</b> Appropriation	\$2,556 23 FTEs		\$2,556 23 FTEs
<b>Transportation Services</b> Appropriation	\$2,522 24 FTEs		\$2,522 24 FTEs
<b>TOTAL, Marketing Services</b>	\$60,391 507 FTEs	\$6,181 44 FTEs	\$66,572 551 FTEs

	GOAL 1	GOAL 2	TOTAL
<b>Payments to States &amp; Possessions</b> Appropriation	\$1,500 0 FTEs		\$1,500 0 FTEs
<b>Commodity Purchase Services</b> Appropriation	\$9,604 43 FTEs		\$9,604 43 FTEs
<b>Marketing Agreements and Orders</b> Appropriation		\$13,438 125 FTEs	\$13,438 125 FTEs
<b>TOTAL, SECTION 32</b>	\$9,604 43 FTEs	\$13,438 125 FTEs	\$23,042 168 FTEs
<b>TOTAL, APPROPRIATED FUNDS</b>	\$71,515 550 FTEs	\$19,619 169 FTEs	\$91,134 719 FTEs
<b>Grading &amp; Certification</b> User Funded	\$169,536 2,079 FTEs		\$169,536 2,079 FTEs
<b>Plant Variety Protection Act Program</b> User Funded		\$1,319 18 FTEs	\$1,319 18 FTEs
<b>Commodity Research and Promotion Acts</b> User Funded	\$2,227 23 FTEs		\$2,227 23 FTEs
<b>Perishable Agricultural Commodities Act Program</b> User Funded		\$9,024 95 FTEs	\$9,024 95 FTEs
<b>TOTAL, USER FUNDED</b>	\$171,763 2,102 FTEs	\$10,343 113 FTEs	\$182,106 2,215 FTEs
<b>TOTAL, AMS</b>	\$243,278 2,652 FTEs	\$29,962 282 FTEs	\$273,240 2,934 FTEs



**AMS**  
**Supplemental Performance Indicators**

<b>PERFORMANCE INDICATOR</b>	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target</b>	<b>FY 2001 Target</b>
<b>Market News</b>				
Number of Markets Covered	1,311	1,309	1,829	1,831
Buyers and Sellers Interviewed	28,053	28,699	59,996	60,138
Number of Federal Reporters	167	166	231	236
<b>Grading</b>				
Cotton classed (thousand bales)	19,003	14,494	16,824	16,824
Poultry products graded or accepted (million lbs.)	14,365	14,736	15,073	15,072
Shell eggs graded or accepted (million lbs.)	1,959	2,118	2,246	2,398
Meat graded or accepted (million lbs.)	36,048	38,144	38,400	39,200
Fresh fruits, vegetables, and nuts inspected (million lbs)	85,000	85,000	85,000	85,000
Processed fruit and vegetables inspected (million lbs)	11,115	11,115	11,115	9,696
Dairy products graded (million lbs.)	1,100	1,065	1,130	1,115
Tobacco graded or inspected (million lbs.)	2,377	1,650	2,034	2,034
Laboratory testing (tests in thousands)	259	214	211	211
<b>Standards</b>				
U.S. and International Standards at EOY	562	538	533	521
Number of Commodities covered	224	172	214	214
<b>Research and Promotion</b>				
Research and Promotion Industry Expenditures (Dollars in millions):				
Assessments Collected	\$646.9	\$619.0	\$631.2	\$636.0
Funds Expended	423.4	411.0	418.6	396.7
Number of Programs in effect	12	12	13	15

PERFORMANCE INDICATOR	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
<b>Pesticide Data Program</b>				
Number of analyses performed	59,200	46,000	55,000	52,000
Participating States	10	10	10	10
Number of commodities a/	13.5	13.5	13	13
Pesticides Required for Testing:				
Fruits and Vegetables (full sampling or quick survey)	66	77	77	77
Milk	75	111	0	0
Grains (wheat and/or soybean)	38	0	0	0
Corn syrup	100	105	0	0
Oats	0	44	44	0
Peanut Butter	0	0	59	59
Poultry	0	0	95	95
Number of samples collected	9,223	8,600	9,000	8,800
a/ Commodities equal number x fraction of year				
<b>Microbiology Data Program</b>				
Number of analyses performed	0	0	0	29,700
Participating States	0	0	0	10
Number of commodities	0	0	0	11
Microorganisms Tested--Fruits and Vegetables	0	0	0	3
Number of samples collected	0	0	0	9,900
<b>Commodity Purchase Services</b>				
Purchase contract bids received	2,700	2,360	2,600	2,600
Purchase contracts awarded	1,570	1,846	1,895	1,895
<b>Shell Egg Surveillance</b>				
Egg handler surveillance visits	4,007	3,714	3,565	3,450
States and Commonwealths with cooperative agreements	46	40	40	38
<b>Pesticide Recordkeeping</b>				
Number of States and territories with State/Federal inspections	38	37	36	35
Number of States with educational outreach to certified applicators	51	51	51	51
Number of State/Federal inspections being conducted	4,993	4,704	4,600	4,600

PERFORMANCE INDICATOR	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
<b>Federal Seed Act Program</b>				
Interstate enforcement:				
Number of seed samples tested	2,355	2,135	2,200	2,200
Investigations completed	563	381	500	500
Investigations pending at end of year	525	560	500	500
Administrative actions completed	601	389	575	550
Administrative settlement pending	10	75	25	25
<b>Plant Variety Protection</b>				
Pending applications, beginning of year	1,047	1,271	1,432	1,532
New applications received	390	430	400	400
Certificates issued	116	219	240	240
Applications abandoned	72	59	60	60
Pending applications, end of year	1,249	1,432	1,532	1,632
<b>Perishable Agricultural Commodities Act</b>				
Licenses in effect, end of year	17,816	15,400	15,700	15,700
Actions completed	55,222	55,612	56,075	56,679
Reparations (dollars in thousands)	35,875	37,400	39,562	43,757

Marketing Agreements and Orders:	Fluid Milk Orders				Fruit, Vegetable, and Specialty Crop Orders			
	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Active agreement and order programs in effect (including peanut non-signer)	31	31	11	11	37	37	38	39
Requests received for new programs	0	0	0	0	1	0	1	2
Hearings and Petitions	4	4	5	5	1	4	4	4
Million tons regulated	51.6	48.8	53.1	57.9	N/A	N/A	N/A	N/A
Value of producer deliveries/ product value (million \$)	14,954	14,680	15,288	15,288	5,590	N/A	N/A	N/A